

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2014-86-E - ORDER NO. 2014-548

JULY 16, 2014

IN RE:	Application of South Carolina Electric & Gas Company for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the Construction and Operation of Two 230 kV Transmission Lines from Its Lyles Substation to Its Lake Murray Substation	)	ORDER GRANTING CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC CONVENIENCE AND NECESSITY
		)	

**I.            INTRODUCTION**

This matter comes before the Public Service Commission of South Carolina (the “Commission”) on the Application of South Carolina Electric & Gas Company (“SCE&G” or the “Company”) for a Certificate of Environmental Compatibility and Public Convenience and Necessity (“Certificate”) for the construction and operation of two 230 kilovolt (“kV”) transmission lines from its Lyles Substation in Richland County to its Lake Murray Substation in Lexington County (“Proposed Lines”) and for the construction and operation of one (1) new 230 kV line terminal at the Lyles Substation and two (2) new 230 kV line terminals that will be installed at the Saluda River Substation (“Associated Facilities”). SCE&G filed this Application (the “Application”) on February 28, 2014, and contemporaneously served it on the South Carolina Office of Regulatory Staff (“ORS”) and the heads of each state and local governmental agency charged with the duty of protecting the environment or of planning land use in the area in the counties in which any portion of the facility will be located. At the request of the

Company, the Commission established this Docket pursuant to the provisions in S.C. Code Ann. § 58-33-10 et seq. (1976 and Supp. 2013) (the “Siting Act”) and 10 S.C. Code Ann. Regs. 103-304 (Supp. 2013).

A Notice of Filing and Hearing (the “Notice”) regarding the Application was prepared and issued by the Clerk’s Office of the Commission (the “Clerk’s Office”). By letter dated March 10, 2014, the Clerk’s Office instructed SCE&G to publish the Notice in newspapers of general circulation in the affected areas one time on or before March 21, 2014, and to provide proof of such publication to the Commission by April 11, 2014. The Company complied with the instructions received from the Clerk’s Office by timely publishing the Notice and thereafter filing an affidavit of publication attesting to publication as directed by the Clerk’s Office.

The Notice established April 11, 2014, as the date by which interested parties or entities could timely file petitions to intervene or present their views in writing to the Commission. No petitions to intervene were filed with the Commission.

ORS is automatically a party to the certification proceeding in this Docket pursuant to S.C. Code Ann. §§ 58-4-10(B) (Supp. 2013) and 58-33-140(1)(b) (Supp. 2013). The South Carolina Department of Health and Environmental Control, South Carolina Department of Natural Resources, and South Carolina Department of Parks, Recreation and Tourism were listed as parties based on the provisions of S.C. Code Ann. § 58-33-140 but did not take part in the certification proceeding.

On May 13, 2014, ORS and SCE&G filed a Stipulation in this matter.

The Commission convened a formal hearing in this matter on May 20, 2014, with the Honorable G. O’Neal Hamilton, Chairman, presiding. SCE&G was represented by K. Chad Burgess, Esquire, and Matthew W. Gissendanner, Esquire. ORS was represented by Jeffrey M. Nelson, Esquire. Counsel for the other parties of record did not enter an appearance at the hearing. The Commission heard testimony from the witnesses for SCE&G and ORS. Through their personal appearances, SCE&G presented the testimonies of Hubert C. (“Clay”) Young, III, Manager of Transmission Planning for SCE&G, and Dwight M. Hollifield, ASLA, Director of the System Planning and Siting Division of UC Synergetic, LLC, a subsidiary of Pike Electric Corporation. ORS presented the direct testimony of Michael L. Seaman-Huynh, Senior Electric Utilities Specialist in ORS’s Electric Department. The testimonies and exhibits of the SCE&G witnesses and the ORS witness were stipulated into the record of the case without objection. Each SCE&G and ORS witness presented summaries of their testimony and then were made available to respond to questions from the Commission.

At the opening of the hearing, Mr. Nelson moved the Stipulation between ORS and SCE&G into the record without objection. The Stipulation was established as Hearing Exhibit 1. The Stipulation primarily set forth that:

1. ORS will recommend that the Commission approve SCE&G’s Application and grant SCE&G a Certificate for the construction and operation of two 230 kV Transmission Lines from SCE&G’s Lyles Substation to its Lake Murray Substation and Associated Facilities;

2. SCE&G agrees to follow all South Carolina, Commission, and local government regulations and laws arising from matters set forth in the Application; and
3. SCE&G agrees to notify ORS and the Commission when the facilities begin commercial operation and of any changes to the planned commercial operation dates.

For the reasons set forth below, the Commission grants the relief requested by SCE&G in the Application.

## **II. STATUTORY STANDARDS**

The Siting Act requires that, before constructing and operating new electric transmission lines and associated facilities with a designed operating voltage in excess of 125 kV, the owner must obtain a Certificate from the Commission. In issuing such a Certificate, the Commission is required to make six statutorily-mandated findings. Those findings concern:

1. The basis of the need for the facility. S.C. Code Ann. § 58-33-160(1)(a);
2. The nature of the probable environmental impact of the facility. S.C. Code Ann. § 58-33-160(1)(b);
3. Whether the impact of the facility upon the environment is justified, considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations. S.C. Code Ann. § 58-33-160(1)(c);

4. Whether the facilities will serve the interests of system economy and reliability. S.C. Code Ann. § 58-33-160(1)(d);
5. Whether there is reasonable assurance that the proposed facility will conform to applicable state and local laws and regulations issued thereunder, including any allowable variance provisions therein, except that the Commission may refuse to apply any local law or local regulation that is unreasonably restrictive. S.C. Code Ann. § 58-33-160(1)(e); and
6. Whether public convenience and necessity require the construction of the facility. S.C. Code Ann. § 58-33-160(1)(f).

The Commission has considered each of these statutory standards in light of the evidence on the record in this proceeding and the agreement of SCE&G and ORS as set forth in the Stipulation. On that basis, the Commission makes findings as set forth below:

### **III. FACTS AND LEGAL DETERMINATIONS**

#### **A. The Need for the Facilities, System Economy and Reliability, and Public Convenience and Necessity**

As indicated in the Application, the basis for the need for these facilities is SCE&G's need to ensure the reliability of its transmission system, and comply with North American Electric Reliability Corporation ("NERC") standards and the Company's own Long Range Planning Criteria, after the retirement of SCE&G's McMeekin Generating Station near Lake Murray ("McMeekin Station").

In 2012, SCE&G announced plans to retire the two (2) coal-fired units at its

McMeekin Station upon the commercial operation of the V.C. Summer Unit #3 nuclear unit. After studying the effect of these retirements on its system, the Company determined that, if an event caused the loss of its existing Edenwood-Lake Murray 230 kV line and one of the 230/115 kV autotransformers at the Lake Murray Substation, then the remaining 230/115 kV autotransformer at the Lake Murray Substation would be overloaded. This overload has the potential for power disruptions in the Company's Columbia Northwest service territory, including the Lexington and Irmo load centers.

The Company adheres to the NERC Transmission Planning Standards, as well as its own Long Term Planning Criteria, in determining the need for new transmission facilities. Applying these criteria to the electrical system resulted in the Company's determination that additional support was necessary, and the Proposed Lines were the most appropriate solution. The Proposed Lines and Associated Facilities will ensure that the Company's system remains in compliance with NERC standards and its own Long Term Planning Criteria.

At the hearing in this matter, SCE&G's witness Mr. Young testified that the Proposed Lines are planned to run almost entirely within existing rights-of-way from the Company's existing Lyles 230/115 kV Substation in Columbia, South Carolina, to the new Saluda River 230/115 kV Substation, for which the Commission granted SCE&G a Certificate in Docket 2012-225-E, and from there, to its existing Lake Murray 230/115 kV Substation near the Saluda River Dam. The total length of the Proposed Lines is approximately 10 miles. Mr. Young stated that, although SCE&G plans to construct and operate the Proposed Lines almost entirely within existing rights-of-way, SCE&G is

attempting to acquire a small portion— approximately 2.7 acres—of new right-of-way near the Lyles Substation from the City of Columbia, the State of South Carolina, and two private landowners. Use of this new right-of-way is desirable because it would allow the removal of one lattice steel tower from the Columbia Canal/Riverfront Park without installing a new 230 kV structure in its place. If SCE&G is unsuccessful in acquiring the new right-of-way, then SCE&G will construct the Proposed Lines entirely within the existing rights-of-way.

Mr. Young testified that the need for the Proposed Lines was determined by the Company's use of external and internal criteria to guide its decision-making related to the development of new or upgraded transmission facilities. Mr. Young stated that, externally, the Company subscribes to the Transmission Planning Standards established by NERC, and its own internal Long Range Planning Criteria. In accordance with these standards and criteria, the SCE&G Transmission System is designed so that nothing more serious than local load impacts will occur during certain contingencies and so that after appropriate switching and re-dispatching, all non-radial loads can be served with reasonable voltages, and all facilities can again operate within acceptable operating limits. A sample of contingencies considered includes:

1. Loss of any generator;
2. Loss of any transmission circuit operating at a voltage level of 115 kV or above;
3. Loss of any transmission transformer;
4. Loss of any electrical bus and associated facilities operating at a voltage level of 115 kV or above;

5. Loss of all circuits on a common structure;
6. Loss of entire generating capacity in any one plant;
7. Loss of any generating unit simultaneously with the loss of a single transmission line;
8. Loss of all components associated with a breaker failure; and
9. Loss of any generator, transmission circuit, or transmission transformer, followed by manual system adjustments, followed by the loss of another generator.

Mr. Young further testified that, in 2012 and as part of an effort to ensure compliance with existing environmental regulations, SCE&G announced its plans to retire both units at its McMeekin Station upon the commercial operation of V.C. Summer Unit #3. McMeekin Station presently provides 250 Megawatts of support to SCE&G's 115 kV transmission system serving load in and around the Lexington and Irmo load centers. SCE&G's transmission planning studies show that, after the retirement of McMeekin Station, in the event of the loss of the existing Edenwood-Lake Murray 230 kV Line and one of the 230/115 kV autotransformers at the Lake Murray 230/115 kV Substation, the remaining Lake Murray 230/115 kV autotransformer would be overloaded. To prevent this occurrence and ensure that SCE&G remain in compliance with NERC standards and its own Long Range Planning Criteria, the Company determined that it was necessary to construct the Proposed Lines between its Lyles and Lake Murray 230/115 kV Substations and connect the two circuits to the Saluda River 230/115 kV Substation, which is scheduled to be completed in May 2015. One of the new 230 kV circuits will initially be operated at 115 kV until such time as the Company

determines that it is necessary to operate the line at 230 kV.

Mr. Young testified that the Company considered alternatives to the present proposal but that such alternatives were either more costly or failed to adequately mitigate the overload conditions. He concluded that the proposed facilities therefore present the best long-term solution for the safe and reliable transmission of electric power to SCE&G's customers.

The ORS's witness in this matter, Mr. Seaman-Huynh, testified that the Proposed Lines and Associated Facilities will result in minimal impact to the environment and will serve the interests of system economy and reliability. Further, the Proposed Lines, in conjunction with the Associated Facilities, will support the Company in providing reliable electric service to its customers in the Company's Columbia Northwest service territory, including the Lexington and Irmo load centers. Mr. Seaman-Huynh testified that ORS recommends that the Company's primary route be utilized as proposed and further stated that, as it is possible that the Company may not be successful in securing all necessary rights-of-way for the primary route in a timely manner, recommended that the Commission approve both the primary route and the alternate route as proposed by the Company. Mr. Seaman-Huynh supported Mr. Young's conclusion that the Proposed Lines and Associated Facilities under review here serve the interests of system economy and reliability and are supported by public convenience and necessity.

The Commission finds Mr. Young's testimony concerning the basis for the need for the Proposed Lines and the Associated Facilities, and the contribution to system economy and reliability they represent, as corroborated by Mr. Seaman-Huynh and by the

exhibits Mr. Young provided, to be credible. This evidence along with the Stipulation supports a finding by the Commission that the Proposed Lines and the Associated Facilities are needed, that they serve the interests of system economy and reliability, and that they are required by public convenience and necessity. Accordingly, the Commission finds that as to the Proposed Lines and Associated Facilities, the statutory standards of S.C. Code Ann. §§ 58-33-160(1)(a),(d), and (f) are fully met by the evidence of record here.

**B. The Nature and Justification of the Probable Environmental Impact of the Lyles Substation to Lake Murray Substation Lines and the Associated Facilities**

The Siting Act also requires the Commission to evaluate the nature of the probable environmental impact from the Proposed Lines and the Associated Facilities and to determine whether the impact upon the environment is justified, considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations.

An important fact about the Proposed Lines is that SCE&G plans to construct them almost entirely within existing rights-of-way. There is substantial evidence in the record amply supporting the environmental benefits of SCE&G's decision to build the Proposed Lines primarily on existing rights-of-way. The remainder of the Proposed Lines, located on 2.7 acres near the Lyles Substation, will in fact provide an environmental benefit by removing one lattice steel tower which currently sits within the Columbia Canal/Riverfront Park. As Mr. Hollifield testified, use of existing rights-of-

way for the majority of the Proposed Lines minimizes the amount of environmental, land use, cultural resource and aesthetic effects from the Proposed Lines.

This conclusion is substantiated by the Transmission Line Siting and Environmental Report for the Lyles-Saluda River-Lake Murray 230 kV Lines and Associated Facilities which Mr. Hollifield presented as an exhibit to his testimony (“Environmental Report”). (Hearing Exhibit No. 3 (DMH-1).) This Environmental Report was based on literature and record reviews and extensive field-work by biologists, botanists, cultural resource historians and others to ascertain the probable environmental impact of constructing and operating the Proposed Lines and the Associated Facilities along the selected routes and at the selected locations. As detailed in the Environmental Report, biologists and botanists conducted field studies to ascertain whether the construction and operation of the Proposed Lines and the Associated Facilities were likely to have any adverse impact on any state or federally-listed rare, threatened or endangered plant or animal species. They determined that such species were not likely to be adversely affected by the Proposed Lines or the Associated Facilities.

These facts were set forth in Mr. Hollifield’s testimony and the various studies that form part of the Environmental Report prepared for the Proposed Lines and the Associated Facilities. Based on these facts, Mr. Hollifield testified that the construction and operation of the Proposed Lines and the Associated Facilities would not have any significant short or long-term impacts on the environment.

As to cultural resources, Mr. Hollifield testified that SCE&G engaged Brockington and Associates, Inc. in August 2013 to conduct background research to

identify all previously recorded archaeological and historic resources within 1.25 miles of the Proposed Lines' route and to conduct a "windshield reconnaissance survey" to identify any previously unrecorded architectural resources within 1.25 miles of the route that appear eligible for listing on the National Register of Historic Places ("NRHP"). In 2011, Brockington previously conducted background research and a windshield reconnaissance survey on a two-mile segment of the Proposed Lines' route in conjunction with the VCS2-St. George 230 kV Lines No. 1 and No. 2. Along this two-mile segment, the Proposed Lines and the VCS2-St. George 230 kV Lines No. 1 and No. 2 will share right-of-way. The results of Brockington's 2011 investigation along the two-mile segment were combined with Brockington's 2013 investigation along the remaining two sections (the eastern and western end sections) of the Proposed Lines, which have a combined length of approximately eight miles.

After completing the background research, Brockington conducted a Phase I archaeological investigation along the entire length of right-of-way within which the Proposed Lines are to be located, including the approximately 2.7 acres of proposed new right-of-way near the Lyles Substation and the existing right-of-way SCE&G proposes to utilize if efforts to acquire the new right-of-way segment are unsuccessful. The Phase I archaeological investigation was completed in two phases: The investigation over the section of right-of-way where the Proposed Lines will run with the VCS2-St. George 230 kV Lines No. 1 and No. 2 was conducted prior to the Phase I archaeological investigation over the remaining two sections of the Proposed Lines' right-of-way (i.e., the eastern and western end sections on each side of the previously investigated section). The two phases

of the investigation were combined to form a comprehensive investigation over the entire length of the right-of-way within which the Proposed Lines will be located. Additionally, UC Synergetic, LLC, working closely with Brockington, conducted comprehensive view shed analysis studies and determined that the Proposed Lines will have no adverse visual effects to historic resources on the NRHP, eligible for the NRHP, or potentially eligible for the NRHP.

Based on the combined Phase I archaeological investigations, Brockington concluded that there are no archaeological sites within the Lyles-Saluda River-Lake Murray 230 kV Lines' right-of-way that require further cultural resources management actions and recommended to the South Carolina State Historic Preservation Office ("SHPO") that clearance be issued for the project. The SHPO concurred with Brockington's findings and recommendations. Moreover, the SHPO reviewed the Historic Structures Visual Impact Assessment Report for the Lyles-Saluda River-Lake Murray 230 kV Lines prepared by U.C. Synergetic, LLC, and concurred with the stated conclusion of the report that the Proposed Lines will have no adverse visual effects to historic resources.

With regard to visual impacts, Mr. Hollifield testified that the Proposed Lines will have very low overall visual effects for several reasons—the main reason being that the Proposed Lines will largely be built within an existing, cleared SCE&G right-of-way and will replace existing 115 kV lines that are located on lattice steel towers. The Proposed Lines will share existing SCE&G right-of-way with multiple other existing SCE&G transmission lines from the Lyles Substation to a point just west of the Saluda River

Substation, which is a distance of approximately four miles. The eastern portion of the Proposed Lines will reside in areas where visual conditions are highly modified by residential, commercial, industrial, and road infrastructure development, and significant portions of the middle and western segments of the Proposed Lines will traverse undeveloped areas where existing trees that reside on each side of the right-of-way provide significant screening. As the Proposed Lines pass through the vicinity of the Saluda River Dam and Powerhouse as they near the Lake Murray Substation, the scenic character of the area is defined by existing electrical generation and transmission facilities.

In his testimony, Mr. Hollifield concluded that the impact of the Proposed Lines and the Associated Facilities upon the environment was justified considering the state of available technology and the nature and economics of the various alternatives. In reaching this conclusion, Mr. Hollifield noted that Mr. Young testified that SCE&G had considered two alternatives to the Proposed Lines and Associated Facilities and determined that the proposed facilities were superior solutions to providing SCE&G's customers with long-term electric system reliability. Mr. Hollifield also testified that any resulting environmental impacts were minimized by the Company's decision to construct the majority of the Proposed Lines on existing rights-of-way.

The ORS's witness in this matter, Mr. Seaman-Huynh, supported Mr. Hollifield's conclusions that the Proposed Lines and Associated Facilities will not result in any significant impacts to the environment.

The Commission finds that the evidence SCE&G and ORS presented through

their witnesses Mr. Hollifield, Mr. Young, and Mr. Seaman-Huynh as to these matters is credible and persuasive. Based on the evidence of record, the Commission finds that the environmental impacts of the Proposed Lines and Associated Facilities have been appropriately evaluated, described and are not significant. These impacts are justified considering the state of available technology and the nature and economics of the various alternatives to the proposed siting of the Proposed Lines and the Associated Facilities. Accordingly, the Commission finds that as to the Proposed Lines and Associated Facilities, the statutory standards of S.C. Code Ann. §§ 58-33-160(1)(b) and (c) are fully met by the evidence of record here.

**C. Assurance that the Proposed Facilities Will Conform to  
Applicable State and Local Laws and Regulations**

The Siting Act requires the Commission to determine whether there is reasonable assurance that the proposed facilities will conform to applicable state and local laws and regulations issued thereunder. S.C. Code Ann. § 58-33-160(1)(e). Mr. Young testified unequivocally that the Proposed Lines and Associated Facilities will be constructed and operated in conformity with all applicable state and local regulations.

**D. Conclusion as to the Public Convenience and Necessity of the  
Lyles to Lake Murray Lines and the Associated Facilities**

In conclusion, the Proposed Lines and Associated Facilities represent a feasible, appropriate and cost-effective means for maintaining system reliability and providing safe, reliable electric service to SCE&G's customers in its Columbia Northwest service territory, including the Lexington and Irmo load centers. For the reasons outlined herein, the Commission finds that the public convenience and necessity supports issuance of a

Certificate for the construction and operation of the Proposed Lines and the Associated Facilities as proposed. S.C. Code Ann. § 58-33-160(1)(f).

#### IV. FINDINGS

NOW THEREFORE, based upon the foregoing, IT IS HEREBY DECLARED AND ORDERED THAT:

1. SCE&G is hereby granted a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of two (2) 230 kV transmission lines from the Lyles 230/115 kV Substation in Richland County to the Company's Saluda River 230/115 kV Substation in Lexington County and continuing to the Company's Lake Murray 230/115 kV Substation in Lexington County, along the primary and alternate routes described in the Company's Application.

2. SCE&G has shown the basis of the need for the Proposed Lines in that, upon the retirement of the Company's McMeekin Station, they are necessary to route power to those parts of SCE&G's grid that serve the Company's Columbia Northwest service territory, including the Lexington and Irmo load centers, all the while ensuring that SCE&G remains in compliance with applicable transmission system reliability standards.

3. SCE&G has shown the nature of the probable environmental impact from construction and operation of the Proposed Lines and the Associated Facilities is not significant. Considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations, this impact is justified. By constructing the Proposed Lines primarily within existing rights-of-way, SCE&G has

selected the routes for these Lines and the locations of the Associated Facilities in a way that appropriately reduces environmental, land use, cultural resource, and aesthetic effects.

4. SCE&G has shown the Proposed Lines and Associated Facilities will serve the interests of system economy and reliability.

5. SCE&G will follow all applicable South Carolina, Commission, and local government regulations and laws arising from matters set forth in the Application.

6. Public convenience and necessity require the construction of the Proposed Lines and the Associated Facilities.

7. The Stipulation attached hereto as Order Exhibit No. 1, which was accepted into the record without objection at the hearing, is incorporated into and made a part of this Order and approved as just and reasonable.

8. This Order shall remain in full force and effect until further order of the Commission.

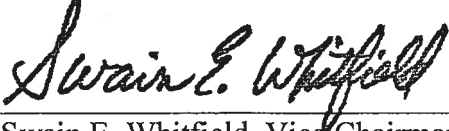
BY ORDER OF THE COMMISSION:



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Nikiya Hall, Chairman

ATTEST:



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Swain E. Whitfield, Vice Chairman

(SEAL)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2014-86-E**

**IN RE:**

**Application of South Carolina Electric & Gas Company for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the Construction and Operation of Two 230 kV Transmission Lines from its Lyles Substation to its Lake Murray Substation**

## STIPULATION

This Stipulation is made by and between the South Carolina Office of Regulatory Staff ("ORS") and South Carolina Electric & Gas Company ("SCE&G") (collectively referred to as the "Parties" or sometimes individually as a "Party").

**WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina ("Commission") pursuant to the provisions in S.C. Code Ann. § 58-33-10 *et seq.* (1976 & Supp. 2013) ("the Siting Act") and 10 S.C. Ann. Regs. 103-304 (2012) at the request of SCE&G, which filed an Application for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the Construction and Operation of Two 230 kV Transmission Lines from its Lyles Substation to its Lake Murray Substation ("Application");**

WHEREAS, in the Application, SCE&G seeks a Certificate of Environmental Compatibility and Public Convenience and Necessity ("Certificate") for the construction and operation of two 230 kV Transmission Lines from its Lyles 230/115 kV Substation in

Columbia, South Carolina, to its Lake Murray 230/115 kV Substation near the Saluda River Dam on the basis that, after the retirement of the McMeekin Generating Station, in the event of the loss of the existing Edenwood-Lake Murray 230 kV Line and one of the 230/115 kV autotransformers at the Lake Murray 230/115 kV Substation, the remaining Lake Murray 230/115 kV autotransformer would be overloaded;

WHEREAS, the Parties to this Stipulation are parties of record in the above-captioned docket;

WHEREAS, in accordance with the provisions of S.C. Code Ann. § 58-33-140 (1976 & Supp. 2013) the South Carolina Department of Health and Environmental Control, the Department of Natural Resources, and the Department of Parks, Recreation, and Tourism, are also parties to this proceeding (collectively, the "Other Parties of Record"). The Other Parties of Record have been contacted with regard to the Stipulation; however, they have not taken a position on this matter;

WHEREAS, the Parties have engaged in discussions to determine if a Stipulation would be in their best interest; and

WHEREAS, following these discussions the Parties have determined that their interests, and those of the public, would be best served by reaching an agreement on matters set forth in SCE&G's Application in the above-captioned case under the terms and conditions set forth below:

1. The Parties agree to stipulate into the record before the Commission the direct testimony of the following witnesses without objection, change, amendment or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction.

- A. SCE&G witnesses: Hubert C. Young, III and Dwight M. Hollifield
- B. ORS witness: Michael L. Seaman-Huynh.

2. As a compromise, the following is adopted, accepted, and acknowledged as the agreement of the Parties:

- A. ORS will recommend that the Commission approve SCE&G's Application and grant SCE&G a Certificate for two 230 kV Transmission Lines, and associated facilities, between its Lyles Substation and its Lake Murray Substation, as requested in the Application in this Docket;
- B. SCE&G agrees to follow all South Carolina, Commission and local government regulations and laws arising from matters set forth in the Application; and
- C. SCE&G will notify ORS and the Commission when the facilities begin commercial operation and of any changes to the planned commercial operation dates.

3. The Parties agree this Stipulation is reasonable, in the public interest and in accordance with law and regulatory policy.

4. Further, ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code §58-4-10(B) (Supp. 2013). S.C. Code §58-4-10(B)(1) through (3) reads in part as follows:

"... public interest' means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services."

5. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Stipulation be accepted and approved by the Commission as a fair, reasonable and full resolution in the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Stipulation and the terms and conditions contained herein.

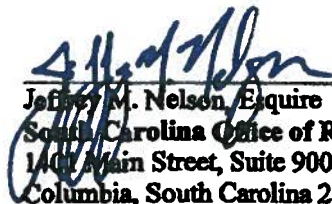
6. This written Stipulation contains the complete agreement of the Parties. There are no other terms and conditions to which the Parties have agreed. The Parties agree that this Stipulation will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will the Stipulation or any of the matters agreed to in it be used as evidence or precedent in any future proceeding. If the Commission should decline to approve the Stipulation in its entirety, then any Party desiring to do so may withdraw from the Stipulation without penalty.

7. This Stipulation shall be interpreted according to South Carolina law. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

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**WE AGREE:**

**Representing and binding the South Carolina Office of Regulatory Staff**



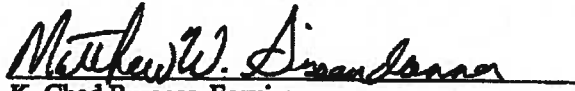
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**WE AGREE:**

**Representing and binding South Carolina Electric & Gas Company**



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